

10 March 1965

SUBJECT : Diplomatic Moves to Resolve Indonesian Crisis**REFERENCE: Memorandum of 3 March 1965**APPROVED FOR RELEASE
DATE: DEC 2002**SUMMARY**

President Sukarno is following a public line of sponsoring demonstrations against the U.S. Embassy over the Vietnam and Malaysia issues. When this incident occurs, it is recommended that the U.S. be prepared to present a carrot-and-stick proposition to Sukarno, stating that Indonesia is coming to a crossroad in its relations with the U.S., and that Sukarno will soon be faced with the choice of which fork he will travel.

1. In a speech on 8 March in Djakarta, President Sukarno treated his audience to another diatribe against imperialism, linking the U.S. with the British and Malaysians in the confrontation campaign and denouncing U.S. policy in Asia, especially in Vietnam. He also expressed his understanding of why the Indonesian people demonstrated against the U.S. and sympathized with them. This seems to be preparing the way for more demonstrations against the U.S. in Djakarta. Since the PKI, as a matter of tactical policy, has placed the elimination of the U.S. diplomatic presence in Djakarta at the top of its list, we can confidently expect that the next demonstration will soon take place in Djakarta and that, given the feeling of the U.S. Department of State and the U.S. Congress, a rupture of diplomatic relations is probably not far off. It is recommended that in these circumstances the U.S. government be prepared to follow up the Indonesian attack on the Embassy with a hard diplomatic demarche, aimed at presenting Sukarno with a clear alternative of pursuing his present line, or facing an increasingly hostile U.S. which will back the British and Malaysians on the confrontation issue. The U.S. would, of course, have to be prepared to take whatever consequences might flow from this maneuver.

2. The first step in this scenario might be a letter from President Johnson to President Sukarno in the tone of "more in sorrow than in anger", stating that Indonesian-U.S. relations have reached a total impasse and that they have to either go forward in a constructive way or, reluctantly, to face the facts as

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Sukarno has presented them and enter a period of hostility of uncertain length. The President's letter would probably naturally be accompanied by statements from leading U.S. Senators on the question of Indonesia and appropriate press drumfire that would bring home to the Indonesian mission in Washington the point that the U.S. had reached a conclusion that this state of affairs could not continue.

3. As a follow-up to the letter, we suggest that Governor Harriman or Senator Kennedy be prepared to go to Djakarta to discuss the alternates as we see them. The first alternate is for Sukarno to agree to the use of U.S. good offices to mediate the Malaysian confrontation. It would be explained to Sukarno that the mediation offer would include strong U.S. naval elements in the Borneo area, with plenty of U.S. and Asian third country ground observers, including troops if necessary, to settle the question of a free plebiscite, unhindered by Indonesian goon squad tactics. It would also include an offer to begin negotiating again on agricultural and light industrial projects for the Indonesians. The U.S. would reaffirm its interest in the Maphilindo concept and the U.S. willingness in the long term to support and defend that area as part of its strategic defense. The U.S. emissary would emphasize that the U.S. administration cannot maintain its domestic political position if it simply allows Southeast Asia to turn Communist. Sukarno, as a practical politician, would understand the point, which would add a final note of realism to the emissary's pitch.

4. Sukarno would then be faced with the problem of whether to continue his present tack or to listen to this serious proposition. It could be expected that Subandrio and the PKI would pressure him very strongly to resist this pressure and to stand firmly on the present course. It is also likely that what passes for the more moderate politicians in Djakarta in the PNI and Moslem Parties, as well as certain military figures such as Generals Nasution, Yani and Sukendro would urge that Sukarno take advantage of the U.S. offer. Concurrently, these moderate leaders would be advised either by the Presidential emissary, the Embassy [redacted] that this move by the U.S. represented their last opportunity to decide whether they expected to participate in the political future of Indonesia or whether they would remain either fence-sitting or inactive in the face of the Subandrio-PKI machinations and face eventual elimination.

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5. The proposed demarche would create temporarily a moment of decision for the Indonesians. If they decided to continue as at present, then at least a good number of Indonesian officials would have known of the U.S. option and keep it in mind as events unfolded. The Indonesian leaders all would realize

that continuing their present line in the face of U.S. opposition would run certain military and political risks. Sukarno and his generals still seem to be concerned over an overt war with the British in Malaysia and presumably their concern would heighten if the U.S. came out strongly on the side of the British/Malaysians. The amount of practical support that the Sukarno government could muster from the Chinese in such a situation would be minimal and the Indonesians would, from a military point of view, be quite isolated.

6. If Indonesia opted for the present course, the U.S. reaction would be one of slow and steady pressures against the Sukarno regime. This would take the form of assisting the Malaysians and British with military supplies and in aiding them with specialized equipment and perhaps some advisors in Sarawak and Sabah. Furthermore, the U.S. would strengthen its already favorable situation in the Philippines, including the build-up of the defensive and offensive capability of the Mindanao area. These pressures would create strains on the regime, which might cause the moderates to connive with the U.S. to change the course of the regime. The pressure would, in our judgment, more likely continue the polarization of the Communists and non-Communists rather than lump them altogether, although at the first blush the whole country might be superficially united in the face of U.S. pressure.

7. Despite the above, if the Indonesians continued their aggression against Malaysia, they could be faced with effective air strikes on their air force and navy and, contrary to the Vietnam-Laos situation, the U.S. air and naval power on the extended and feeble Indonesian supply lines in their vast island chain would be quite effective. This could be accomplished on a gradually escalated basis, on the North Vietnam pattern, which would fall short of a declared war situation.

8. The Soviets would no doubt be a factor to consider, but if the Vietnam example is any indication, they would probably not get heavily engaged in that distant part of the world. Their position in Indonesia has already been seriously undermined by the PKI-ChiCom collaboration and U.S. action against Indonesia would not affect any basic Soviet national interest.

9. In sum, presenting Sukarno with clear alternatives should do a great deal to clear the political situation in Indonesia and to clarify in the U.S. our policies in Southeast Asia. If the policy is to prevent the takeover of countries in Southeast Asia by overt Communist aggression or by subversion, this move

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would be entirely consistent with our proclamations in South Vietnam and is, in our view, a strategic necessity, if the maintaining of a position in Southeast Asia by the U.S. has any real validity.

10. If the policy considerations in Southeast Asia are not as we have assumed, then we can continue along the present course, and predictably allow the Communists to dominate the Indonesian political scene and to continue in a gradually more effective way their collaboration with the Chinese Communists in Southeast Asia at the mutual expense of the British and the U.S. If the Indonesian leadership is not faced with a clear choice and a clear chance, the prospects are that the moderate leadership will either rationalize itself into accepting the Sukarno alignment with the PKI and the ChiComs or be eliminated by a PKI-controlled government.